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THE FOURTEENTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
PARISH OF CALCASIEU, LOUISIANA

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/1/09

CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3-7
INDEPENDENT AUDITORS' REPORT	8-9
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of net assets	12
Statement of activities	13
FUND FINANCIAL STATEMENTS	
Balance sheet-governmental fund	15
Reconciliation of the balance sheet-Governmental Fund to the statement of net assets	16
Statement of revenues, expenditures and changes in fund balance-governmental fund	17
Reconciliation of the statement of revenues, expenditures and changes in fund balance-governmental fund to the statement of activities	18
NOTES TO BASIC FINANCIAL STATEMENTS	19-28
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary comparison schedule - general fund	30
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	31-32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	33-36

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Management's Discussion and Analysis

Within this section of the Fourteenth Judicial District Indigent Defender Fund's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2008. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The District's assets were short of its liabilities by \$42,461 (net assets) for the fiscal year reported.
- Total revenues of \$1,938,816 were less than total expenses of \$2,020,009, which resulted in a current year loss of \$81,193, compared to a prior year loss of \$40,857.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$49,607 include property and equipment, net of accumulated depreciation. There is no outstanding debt related to the purchase or construction of capital assets.
 - (2) Unrestricted net assets of \$(92,068) represent the portion available to maintain the District's continuing obligations.
- The District had an operating loss and negative cash flows for 2008, the same as in 2007. Overall, the District is continuing to work to improve on this financial position; however, funding sources are limited.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the revenue base, or the condition of District fixed assets in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided to the District.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by court costs and from activities that are intended to recover all or a significant portion of their costs through user fees and charges.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole.

The District has one kind of fund:

Governmental fund is reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Management's Discussion and Analysis (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. This schedule demonstrates compliance with the District's adopted and final revised budget.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

The District's net assets at fiscal year-end are \$(42,461). The following table provides a summary of the District's net assets:

Assets:	<u>2008</u>	<u>2007</u>
Current assets	\$ 70,046	\$ 83,787
Capital assets, net	<u>49,607</u>	<u>52,704</u>
Total assets	119,653	136,491
Liabilities:		
Current liabilities	<u>162,114</u>	<u>97,759</u>
Net assets:		
Investment in capital assets	49,607	52,704
Unrestricted	<u>(92,068)</u>	<u>(13,972)</u>
Total net assets	<u>\$ (42,461)</u>	<u>\$ 38,732</u>

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Management's Discussion and Analysis (Continued)

The following table provides a summary of the District's changes in net assets:

	<u>2008</u>	<u>2007</u>
Revenues	\$ 1,938,816	\$ 1,478,469
Expenses	<u>2,020,009</u>	<u>1,519,326</u>
Change in Net Assets	(81,193)	(40,857)
Beginning Net Assets	<u>38,732</u>	<u>79,589</u>
Ending Net Assets	<u>\$ (42,461)</u>	<u>\$ 38,732</u>

GOVERNMENTAL REVENUES

The District is heavily reliant on court costs to support governmental operations. Court costs provided 47% (51% for 2007) of the District's total revenues. As a result, the court system has a major impact on the District's revenue stream.

BUDGETARY HIGHLIGHTS

The General Fund – The revenue and expenditures sides of the budget were increased by \$61,662 from the prior year. The primary change in the revenue budget relates to intergovernmental revenues. The change in the expenditure budget relates primarily to salaries and related benefits.

The actual revenues were in excess of the final budget by \$269,563 or 16% and the actual expenditures were in excess of the final budget by \$347,659 or 21%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2008, was \$49,607. See Note B for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Management's Discussion and Analysis (Continued)

	<u>2008</u>	<u>2007</u>
Depreciable assets:		
Equipment	\$ 126,171	\$ 112,396
Less accumulated depreciation	<u>76,564</u>	<u>59,692</u>
Book value-depreciable assets	<u>\$ 49,607</u>	<u>\$ 52,704</u>
Percentage depreciated	<u>61</u> %	<u>53</u> %
Book value-all assets	<u>\$ 49,607</u>	<u>\$ 52,704</u>

Long-term debt

At the end of the fiscal year, the District had no debt.

ECONOMIC CONDITIONS AFFECTING THE DISTRICT

Since the primary revenue stream for the District is court costs, the District's court costs revenues are subject to changes in the court system without regard to District operating expenses.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District at 901 Lakeshore Drive, Suite 700, Lake Charles, LA 70601.



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
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BRADLEY J. CASIDAY, C.P.A., C.V.A.
JULIA W. PORTUS, C.P.A.

INDEPENDENT AUDITORS' REPORT

June 2, 2009

Board of Directors
The Fourteenth Judicial District Indigent Defender Fund
Lake Charles, Louisiana

We have audited the accompanying basic financial statements of the Fourteenth Judicial District Indigent Defender Fund, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2008, as listed in the table of contents. These basic financial statements are the responsibility of the Fourteenth Judicial District Indigent Defender Fund's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Fourteenth Judicial District Indigent Defender Fund as of December 31, 2008 and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note F to the financial statement, the District has had recurring losses from operations and has an unrestricted net assets deficit, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note F. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with Government Auditing Standards, we have also issued our report dated June 2, 2009 on our consideration of The Fourteenth Judicial District Indigent Defender Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the required supplemental information on pages 3 through 7 and page 30, respectively, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Gragson Casiday & Guillory

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Statement of Net Assets

December 31, 2008

ASSETS

Cash	\$ -
Receivable – court costs	58,646
Rent deposit	11,400
Capital assets, net	<u>49,607</u>
Total assets	<u>119,653</u>

LIABILITIES

Cash – overdrawn	21,098
Accounts payable	107,654
Payroll taxes payable	29,142
Other liabilities	<u>4,220</u>
Total liabilities	<u>162,114</u>

NET ASSETS

Investment in capital assets	49,607
Unrestricted	<u>(92,068)</u>
Total net assets	<u><u>\$ (42,461)</u></u>

See accompanying notes.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Statement of Activities

Year Ended December 31, 2008

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
General government	\$ 2,020,009	\$ 945,843	\$ 990,123	\$ (84,043)
		General Revenues		
		Interest Income		
		Change in Net Assets		
		Net Assets, beginning		
		Net Assets, ending		
				\$ (42,461)

2,850
(81,193)

38,732

\$ (42,461)

See accompanying notes.

FUND FINANCIAL STATEMENTS

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Balance Sheet – Governmental Fund

December 31, 2008

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash	\$ -	\$ 21,781
Receivables		
Court costs	58,646	50,606
Other assets-rent deposit	<u>11,400</u>	<u>11,400</u>
TOTAL ASSETS	<u>\$ 70,046</u>	<u>\$ 83,787</u>
LIABILITIES AND FUND EQUITY		
Liabilities		
Cash – overdrawn	\$ 21,098	\$ -
Accounts payable	107,654	82,660
Payroll taxes payable	29,142	10,864
Other liabilities	<u>4,220</u>	<u>4,235</u>
Total Liabilities	162,114	97,759
Fund Equity		
Fund balances		
Unreserved and undesignated	<u>(92,068)</u>	<u>(13,972)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 70,046</u>	<u>\$ 83,787</u>

See accompanying notes.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Reconciliation of the Balance Sheet-Governmental Fund to the
Statement of Net Assets

December 31, 2008

Total fund balance for governmental fund at December 31, 2008 \$ (92,068)

Total net assets reported for governmental activities in the
statement of net assets is different because:

Capital assets used in governmental activities are
not financial resources and, therefore, are not reported
in the funds. Those assets consist of:

Capital assets, net of \$76,564 accumulated depreciation 49,607

Total net assets of governmental activities at December 31, 2008 \$ (42,461)

See accompanying notes.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund

Year Ended December 31, 2008

	<u>2008</u>	<u>2007</u>
REVENUES		
Court costs on fines and forfeitures	\$ 905,543	\$ 851,434
Intergovernmental	990,123	594,426
Fees from individuals	40,300	32,609
Interest Income	2,850	-
TOTAL REVENUES	<u>1,938,816</u>	<u>1,478,469</u>
EXPENDITURES		
General Government		
Salaries and related benefits	1,184,505	1,015,897
Professional services	417,504	278,085
Litigation support	97,443	33,084
Library	15,203	14,601
Material and supplies	52,838	34,282
Travel	4,811	5,018
Rent	150,850	51,087
Telephone	11,072	9,607
Other operating expenditures	68,911	63,169
Capital outlay	13,775	12,229
TOTAL EXPENDITURES	<u>2,016,912</u>	<u>1,517,059</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(78,096)	(38,590)
FUND BALANCE - BEGINNING	<u>(13,972)</u>	<u>24,618</u>
FUND BALANCE - ENDING	<u>\$ (92,068)</u>	<u>\$ (13,972)</u>

See accompanying notes.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance-Governmental Fund to the Statement of Activities

Year Ended December 31, 2008

Total net changes in fund balance at December 31, 2008 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ (78,096)
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The change in net assets reported for governmental activities
in the statement of activities is different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 13,775	
Depreciation expense for the year ended December 31, 2008	<u>(16,872)</u>	<u>(3,097)</u>

Total changes in net assets at December 31, 2008 per Statement of Activities	<u>\$ (81,193)</u>
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See accompanying notes.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fourteenth Judicial District Indigent Defender Fund, Parish of Calcasieu, Louisiana (District), is established in compliance with Louisiana Revised Statutes 15:144-149, to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the district court level. The judicial district encompasses the Parish of Calcasieu, Louisiana.

The more significant of the government's accounting policies are described below.

1. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Fourteenth Judicial District Indigent Defender Fund includes all funds, account groups, et cetera, that are within the oversight responsibility of the Fourteenth Judicial District Indigent Defender Fund.

As the governing authority, for reporting purposes, the Calcasieu Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Calcasieu Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

Continued

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes Basic to Financial Statements

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Calcasieu Parish Police Jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Calcasieu Parish Police Jury.
2. Organizations for which the Calcasieu Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Calcasieu Parish Police Jury.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, the Fourteenth Judicial District Indigent Defender Fund is a component unit of the Calcasieu Parish Police Jury's reporting entity.

2. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through court costs, intergovernmental revenues, and other nonexchange revenues.

Continued

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of services offered by the District; and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

The District has one fund, the General Fund, which is therefore considered its major fund.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, the activities are presented using the economic resources measurement focus. In the fund financial statements, the "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Continued

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Accounting

In the government-wide statement of net assets and statement of activities, the activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 2008 the District had \$16,968 in deposits (collected bank balances), of which is fully secured from risk by federal deposit insurance.

Continued

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Budgets

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the district's Board of Directors for review. The board may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations at the activity level.

6. Accounts Receivable

No reserve for uncollectible receivables had been recorded as of December 31, 2008, as all receivables were considered collectible.

7. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The minimum capitalization threshold is any individual item with a total cost greater than \$500.

Continued

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment	3-7 years
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In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

8. Compensated Absences

All permanent, full-time employees earn from 22 to 42 days of vacation and sick leave each year, depending upon length of service. Leave is available for use by employees in the fiscal year it was earned.

9. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Continued

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Equity Classification

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

NOTE B - CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2008 follows:

	<u>Beginning Of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental activities:				
Equipment	\$ 112,396	\$ 13,775	\$ -	\$ 126,171
Less accumulated depreciation for:				
Equipment	<u>59,692</u>	<u>16,872</u>	<u>-</u>	<u>76,564</u>
Governmental activities capital assets, net	<u>\$ 52,704</u>	<u>\$ (3,097)</u>	<u>\$ -</u>	<u>\$ 49,607</u>

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

December 31, 2008

NOTE C - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE D - PENSION PLAN

Substantially all of the District's employees participate in the federal social security program.

NOTE E - OPERATING LEASE

On December 18, 2007, the District entered into a five year lease with White Building, LLC. for office building space commencing on February 1, 2008. The monthly base rent is \$11,400. The lease agreement requires the District to pay a percentage of real estate taxes and insurance on the building each year. Rent expense for the year ended December 31, 2008 amounted to \$150,850.

Minimum future lease payments required under the operating lease agreement as of December 31, 2008 were as follows:

Year ending December 31,	
2009	\$ 136,800
2010	136,800
2011	136,800
2012	136,800
2013	<u>11,400</u>
	<u>\$ 558,600</u>

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

December 31, 2008

NOTE F - GOING CONCERN CONSIDERATIONS

During the past several years, the District has experienced recurring operating losses and negative cash flows that have resulted in net asset deficit. The District is attempting to maintain the funding sources at the 2008 levels to stabilize annual operating profits. The District and its management have been aware of and are concerned about the level of statutory funding for the operations of the District. Article 1, Section 13, of the 1974 Constitution of Louisiana provides, in part, the following:

"The legislature shall provide a uniform system of securing and compensating qualified counsel for indigents."

This issue and the concerns of the District have been brought to the attention of the legislators, the judges of the Fourteenth Judicial District Court, the District Attorney, and the Calcasieu Parish Police Jury. The District has proposed several options to increase its funding, including sharing proceeds of the existing parish law enforcement property tax millage or the proposed renewal of this tax so as to provide the District additional funding. Over a year ago, a working group of attorneys, judges, the District Attorney's office, the Police Jury, the Clerk of Court, and general members of the local bar association convened to consider various funding options or alternatives to the current indigent defender system. The District and its management have actively participated in this effort. This working group has met regularly and continues to meet in an attempt to solve the obvious inadequate funding of the District.

NOTE G – GOVERNMENT FUND REVENUES AND EXPENDITURES

For the year ended December 31, 2008, the major sources of governmental fund revenues and expenditures were as follows:

Revenues:

State Government	
Grants	\$ 990,123
Local Government	
Statutory fines, forfeitures, fees	
court costs and others	905,543
Charges for services	40,300
Investment earnings	2,850
Total Revenues	<u>\$ 1,938,816</u>

Continued

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

December 31, 2008

NOTE G – GOVERNMENT FUND REVENUES AND EXPENDITURES-CONTINUED

Expenditures:

Personnel Services and Benefits

Salaries	\$ 1,006,027
Insurance	92,861
Payroll taxes	85,617
Other	<u>9,959</u>
	1,194,464

Professional Development

Dues, licenses, and registrations	15,425
Travel	<u>15,098</u>
	30,523

Operating Costs

Library and research	15,203
Contract services – attorney/legal	407,504
Contract services – other	107,443
Lease – office	150,255
Lease – autos and other	595
Travel – transportation	4,811
Insurance	1,725
Supplies	45,240
Repairs and maintenance	18,002
Utilities and telephone	11,072
Other	<u>16,300</u>
	778,150

Capital outlay

	<u>13,775</u>
Total Expenditures	<u>\$ 2,016,912</u>

NOTE H – FUND BALANCE DEFICIT

The fund balance of the general fund has a deficit of \$92,068 at December 31, 2008.
The District intends to eliminate the deficit through future operating income.

REQUIRED SUPPLEMENTAL INFORMATION

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2008

	<u>BUDGET</u> <u>Original</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Court costs on fines and forfeitures	\$ 960,828	\$ 905,543	\$ (55,285)
Intergovernmental	627,425	990,123	362,698
Fees from indigents	70,000	40,300	(29,700)
Interest	-	2,850	2,850
Other income	<u>11,000</u>	<u>-</u>	<u>(11,000)</u>
TOTAL REVENUES	<u>1,669,253</u>	<u>1,938,816</u>	<u>269,563</u>
EXPENDITURES			
General Government			
Salaries and related benefits	1,050,185	1,184,505	(134,320)
Professional services	308,978	417,504	(108,526)
Litigation support	39,597	97,443	(57,846)
Library	-	15,203	(15,203)
Materials and supplies	55,641	52,838	2,803
Travel	6,000	4,811	1,189
Rent	140,400	150,850	(10,450)
Telephone	9,710	11,072	(1,362)
Other operating expenditures	58,742	68,911	(10,169)
Capital outlay	<u>-</u>	<u>13,775</u>	<u>(13,775)</u>
TOTAL EXPENDITURES	<u>1,669,253</u>	<u>2,016,912</u>	<u>(347,659)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(78,096)	(78,096)
FUND BALANCE-BEGINNING	<u>(13,972)</u>	<u>(13,972)</u>	<u>-</u>
FUND BALANCE-ENDING	<u>\$ (13,972)</u>	<u>\$ (92,068)</u>	<u>\$ (78,096)</u>



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
JULIA W. PORTUS, C.P.A.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

June 2, 2009

Board of Directors
The Fourteenth Judicial District Indigent Defender Fund
Lake Charles, Louisiana

We have audited the financial statements of the Fourteenth Judicial District Indigent Defender Fund, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2008, and have issued our report thereon dated June 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Fourteenth Judicial District Indigent Defender Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fourteenth Judicial District Indigent Defender Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:516, this report is distributed by the Legislative Auditor as a public document.

Gragson Casiday & Guillory

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Schedule of Findings and Questioned Costs

December 31, 2008

1. Summary of Auditors' Results:

Type of auditors' opinion issued: unqualified, going concern

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Control deficiency(s) identified that are not considered to be material weakness(es)? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☒ yes ☐ no

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding 2008-1:

Inadequate Segregation of Duties

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Response/Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Schedule of Findings and Questioned Costs - Continued

December 31, 2008

3. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding 2008-02:

Budgetary Authority and Control:

Condition: Inadequate budgeting procedures resulted in General Fund expenditures being over budget by 5% or more.

Criteria: Inadequate budgeting procedures.

Effect: Violations of Louisiana Revised Statute 39:1310.

Cause: Administrative lack of oversight

Recommendation: The District should review actual revenues and expenditures on an interim basis and amend the budget when necessary.

Corrective Action Planned: The District agrees with the finding and will implement the recommendations.

Finding 2008 – 3:

Late and Nonfiling of Payroll Tax Reports

Condition: The District was late in filing and paying 2008 payroll tax reports. The unemployment tax returns for the second, third and fourth quarters of 2008 were not filed and paid until March 2009. The Louisiana state withholding tax forms were not filed and paid until May 2009. The total payroll tax liability at December 31, 2008 was \$29,142. A total of \$5,455 of penalties and interest was paid in 2008 for late payment of payroll tax reports.

Criteria, Effect and Cause: Inadequate controls of filing payroll tax reports and of managing available cash flows.

Recommendation: District should file and pay all payroll tax reports timely.

Response/Corrective Action Planned: The office manager did not file nor pay these payroll tax reports in 2008 due to cash flow shortages. During the audit work, we notified the Director of these liabilities and he immediately filed and paid all payroll liabilities (for 2008 and 2009) in May 2009 to become current with all payroll taxes.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Schedule of Findings and Questioned Costs - Continued

December 31, 2008

Finding 2008 – 4:

Contract Attorneys:

Condition: The District contracts, as needed, with attorneys to cover cases that cannot be handled by employee attorneys, mainly due to time constraints. During 2008 a total of twelve contract attorneys were utilized. We found that three of the twelve had not signed contract agreements specifying pay amounts and that five of the twelve were not issued Form 1099s as required.

Criteria, Effect and Cause: Inadequate administrative oversight caused this condition.

Recommendation: Management should improve procedures to obtain agreements on all contract attorneys and to issue annual Form 1099s as required.

Response/Corrective Action Planned: Management agrees with the finding and will institute procedures to ensure future compliance.

Finding 2008 – 5:

Misappropriation of Public Funds:

Condition: During 2008, it was detected that payroll was being paid to an employee above their specified pay rates. We expanded our testing to include all employees and tested the years 2006 thru May 2009. We found that excess payroll was paid to three employees (the majority of excess paid to two employees) and for 2006 thru May 2009 the excess paid amounted to approximately \$77,000.

Effect: Misappropriation of public funds.

Cause: Inadequate administrative oversight of payroll.

Recommendation: Management should provide adequate control oversight for payroll expenditures to ensure proper approvals and approved pay amounts at specified pay dates.

Response/Corrective Action Planned: The District has notified the District Attorney of Calcasieu Parish and The Louisiana Legislative Auditor's Office of the findings. As of this date, two employees have been terminated as a result of the initial findings. Management has strengthened controls over the payroll functions.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Schedule of Findings and Questioned Costs - Continued

December 31, 2008

4. Findings and Questioned Costs for Federal Awards

N/A

5. Prior Year Audit Findings

Finding 2007-01: Proper segregation of duties for effective internal controls is not in place.

Corrective Actions Taken -- None, a repeat finding in 2008.

Finding 2007-02: Noncompliance with budgetary authority and control.

Corrective Actions Taken -- None, a repeat finding in 2008.